

## THE PERFORMANCE AND SIGNIFICANCE OF ISLAMIC REITs IN A MIXED-ASSET PORTFOLIO

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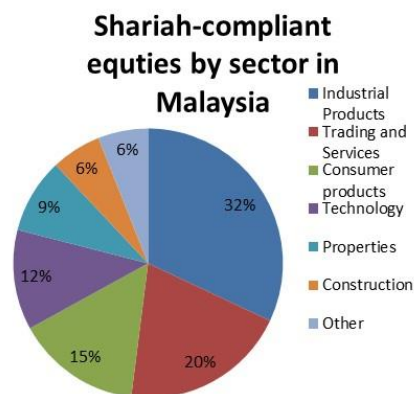
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### Graphical abstract



### Abstract

Islamic Real Estate Investment Trusts (I-REITs) have been established to enhance the Islamic Capital Market. Almost 10 years of establishment of I-REITs, it is interesting to study the performance of this Islamic property investment vehicle because it is a potential and unique asset class that not fully explored. This paper examines the risk-adjusted performance analysis and correlation analysis between I-REITs in a mixed asset portfolio. The time period of study is from November 2008 to December 2014. I-REITs were compare in a mixed asset portfolio consists of shares and bonds. The results show that I-REITs outperform both shares market and bonds market. While I-REITs give high diversification benefits for the share and bond investors with low correlation between I-REITs, shares and bonds.

**Keywords:** Islamic REITs, mixed asset portfolio, risk-adjusted performance analysis, Malaysia

### Abstrak

Amanah Pelaburan Hartanah Islam (I-REIT) telah ditubuhkan untuk meningkatkan Pasaran Modal Islam. Hampir 10 tahun penubuhan I-REIT, adalah menarik untuk mengkaji prestasi pelaburan hartanah Islam kerana ianya unik dan mempunyai potensi tersendiri yang kurang diterokai. Kajian ini mengkaji analisis prestasi risiko-diselaraskan dan analisis korelasi antara I-REIT dalam portfolio aset bercampur. Kajian ini menggunakan data sekunder dari bulan November 2008 hingga Disember 2014. I-REIT telah dibandingkan dengan saham dan bon. Hasil analisis menunjukkan bahawa I-REIT mengatasi pasaran saham dan bon menggunakan analisis prestasi risiko-diselaraskan. I-REIT memberikan faedah pelbagaian kepada pelabur saham dan bon dengan korelasi yang rendah di antara I-REIT, saham dan bon.

**Kata kunci:** REIT Islam, portfolio aset bercampur, analisis prestasi risiko-diselaraskan, Malaysia

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## 1.0 INTRODUCTION

Real Estate Investment Trust (REITs) was introduced in Malaysia in August 2005. REITs were long established in the form of Listed Property Trusts (LPTs), however, due

to weak performance of PTF, government of Malaysia through Security Commission (SC) developed a new guideline to rejuvenate PTF in the form of REITs. The concept of Islamic REITs (I-REITs) was also introduced from conventional REITs (C-REITs) in Malaysia. This

development of I-REITs was the first in the world with the establishment of Al-Aqar KPJ REIT in August 2006. There were three I-REITs established in Malaysia by December 2014.

I-REITs are required to have Shariah-compliant property portfolios as part of innovative products from Islamic capital Market. Government of Malaysia through SC has issued the Guidelines for Islamic Real Estate Investment Trusts (I-REITs Guidelines) as outlined by the Shariah Advisory Council (SAC) to facilitate the establishment of I-REITs in Malaysia [6]. I-REITs Guideline defines I-REITs as "a collective investment scheme in real estate, in which the tenants operate permissible activities according to the Shariah"[16]. I-REITs are an important product of Islamic Capital Market.

Figure 1 shows Shariah-compliant equities divide into seven major products; Industrial products (32%), trading and services (20%), consumer products (15%), technology (12%), properties (9%), construction (6%) and others (6%). Figure 2 indicates Malaysia have

strong position in Shariah compliant equity market compare to other countries. Malaysia hold about RM 554.4 billion in December 2009 for the Shariah-compliant stocks and making it the biggest Shariah-compliant equity market in the world [12].

I-REITs have established about ten years and it is interesting to assess the investment performance of these I-REITs as they could give great significance on development of Islamic Capital Market and Real Estate market. Furthermore, unique asset class like I-REITs are not yet fully explored. The period of the study is set between November 2008 and December 2014. This study is conducted to assess the risk-adjusted performance analysis and correlation analysis of I-REITs in a mixed asset portfolio in Malaysia market. By conducting this study, portfolio performance could be measured and assist investors in making decision.

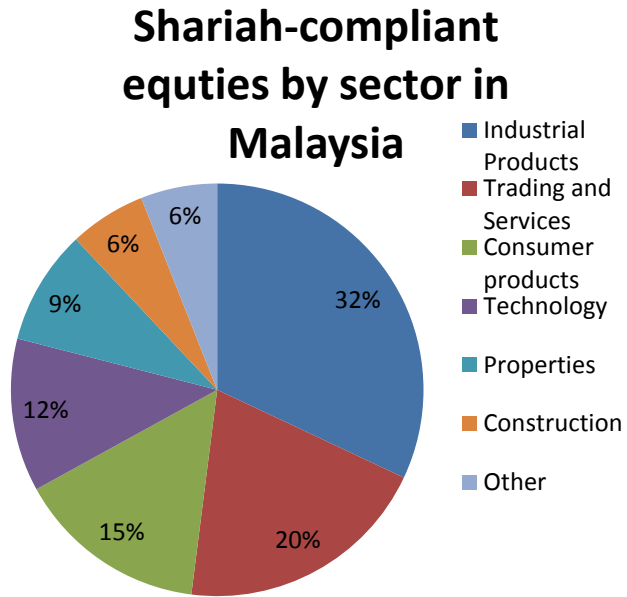


Figure 1 Shariah compliant equities by sector Source: PwC, (2010)

### Top Shariah-compliant equity among Muslim countries

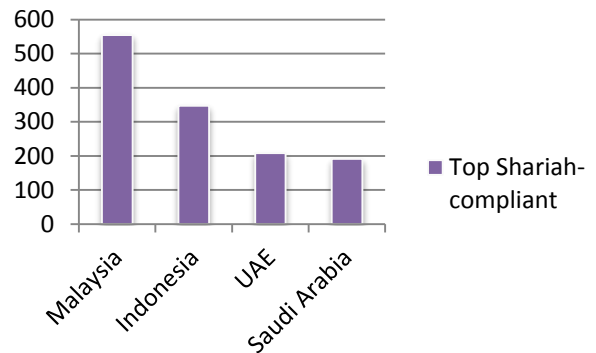


Figure 2 Top Shariah-compliant equity among Muslim countries Source: PwC, (2010)

## 2.0 LITERATURE REVIEW

### 2.1 Background and Development of Islamic REITs

In September 1989, Arab Malaysia First Property Trust was formed in September 1989 and was listed as the first Malaysian listed property trust. In the same year, in November 1989, First Malaysian Property Trust was founded as the second listed property trust. Next, Amanah Harta Tanah PNB was established in

December 1990 while Mayban Property Trust Fund One which has been delisted was launched in 1990.

Amanah Harta Tanah PNB 2 appeared when the management of Mayban Property Trust Management Berhad was take over by Pelaburan Hartanah Nasional Berhad in November 2001. However, in July 2002, First Malaysian Property Trust has been delisted. At the end of April 2005, only three property trust were still standing; AmFirst Property Trust (formerly Arab Malaysian First Property Trust), Amanah Harta Tanah PNB and Amanah Harta Tanah PNB 2.

Then, Real Estate Investment Trusts (REITs) has been established in Malaysia by issuing a new guideline to terminate the Property Trust Fund (PTF). With the establishment of REITs, Axis Real Estate Investment Trust was the initial company to be listed on Bursa Malaysia on 29 July 2005. YTL Hospitality REIT (formerly known as Starhill REIT), the country's largest REITs was listed on December 16, 2005, followed by UOA Real Estate Investment Trust on December 30, 2005 [7]. Table 2.1 shows the listed REITs in Malaysia with their date listed on Bursa Malaysia Market Capitalization as at 2014.

Development of I-REITs is one of the initiatives to boost the development of Islamic capital market in Malaysia particularly in properties sector. Securities Commission (SC) has issued another guideline for the I-REITs on its operation and management on investment and business activities [5]. By the end of December 2014, only three I-REITs are listed on Bursa Malaysia as shown in Table 1.

The first I-REITs in the world is Al-Aqar REITs with its listed on Bursa Malaysia on August 2006. The Second I-REITs was Al-Hadharah Boustead REITs which delisted in February 2014 on Bursa Malaysia. The third I-REITs were Axis REITs that undergoing conversion from conventional into Shariah-compliance scheme in December 2008. The fourth I-REITs is KLCC REITs that listed in May 2013.

Islamic REITs regulatory structure has a slight difference compared to Conventional REITs. Figure 3 present the structure of Islamic REITs. The structure involves the REIT company as the centre. To manage the REIT company, a management team is compulsory. The management team must be a company that involves either in property development, property investment, financial institutions or other company that permitted by SC to operate the REIT management and operation. Management team must be critical on financing and debt structure that involves conventional system. REIT must have property asset to run the business and to maintain the image as a REIT company.

The property asset must be more than 50 percent of the total assets of the company whilst the maximum asset that not related to property cannot exceed 25 percent from the total asset. REIT's properties must be managed and maintained by qualified property manager. Tenants are the stakeholder that involve in tenancy of the buildings. The tenants are the party that responsible to occupy the building and attract customers into the building.

Tenants must follow the regulations based on the management team decision with the advice of

Shariah advisor. Shariah advisor is essential for Islamic REITs to monitor the activities of Islamic REITs and make sure it on par with Shariah Law. Trustee is the party that acts on behalf of unit holder that are trusted to make any decision regarding the progress and development of REIT. Investor is one of the essential parties in REIT that increase and decrease their venture according to the REIT's financial performance.

## 2.2 Characteristic of Islamic REITs

Islamic Banking Act 1983 was established to encourage the establishment of Islamic financial institutions that meet Shariah law and the needs of society. This establishment is a stepping stone to individuals or institutions wishing to produce more service and Islamic financial services [10]. Islamic REITs is a collective investment scheme that combines real estate and real estate trust funds. Securities Commission has issued the guidelines for Islamic REITs in November 2005.

Malaysia is the only country in the world that makes Islamic REITs based on national law. I-REITs must prevent themselves from involving in conventional loan which have *riba*(interest), gambling sector, production or manufacture of non-halal products, conventional insurance and entertainment that against Shariah, tobacco products, trading share in any non-compliant Shariah securities [5].

Figures 3 show the structure of Islamic REIT in Malaysia. Islamic REIT's structure have one additional feature namely as Shariah Committee. Shariah Committee act as the advisor on Shariah Law. Related matters to the REIT manager. Saeed, (2011) revealed that Islamic REITs also have unique implementation through based on their structure.

The incomes must not exceed 20% for the non-permissible activities. I-REITs must own a property that all of the tenants operate permissible business. The business must be legal according to Shariah law. Non-permissible tenants can only occupied 20% of the whole area.

Everything related to I-REITs must follow Shariah principles including investment, deposit and financing. However, conventional insurance scheme are allowed if there is no *takaful* scheme are available. Example for non-permissible activities that against Shariah principles are; financial services that practice *riba* (*interest*), gambling, non-halal products, Non shariah-compliant entertainment activities, tobacco products, non shariah-compliant securities.

Table 1 Profile of Malaysia REITs

No	Real Estate Investment Trust (REITs)	Listed On Bursa Malaysia	Market Capitalization as at 2014	Property Sectors In Portfolio
1	Axis REIT*	29 July 2005	RM 1982 Million	Office, Industrial
2	Al-Aqar KPJ REIT*	10 August 2006	RM 960 Million	Healthcare
3	AmFirst REIT	21 December 2006	RM 641 Million	Office
4	Atrium REIT	02 April 2007	RM144 Million	Industrial
5	Amanahraya REIT	26 February 2007	RM475 Million	Office, Retail, Industrial, Hotel
6	Capitamalls REIT	16 July 2010	RM 2500 Million	Retail
7	KLCC REIT*	9 May 2013	RM 12100 Million	Office, Retail, Hotel
8	IGB REIT	21 September 2012	RM4515 Million	Retail
9	Pavilion REIT	7 December 2011	RM 4400 Million	Retail, Office
10	Sunway REIT	8 July 2010	RM 4220 Million	Retail, Hotel, Office
11	Hektar REIT	4 December 2006	RM 604 Million	Retail
12	Quill Capital REIT	8 January 2007	RM 475 Million	Office
13	Tower REIT	12 April 2006	RM 359 Million	Office
14	UOA REIT	30 December 2005	RM 672 Million	Office, Retail
15	YTL Hospitality REIT	16 December 2005	RM 1350 Million	Hotel, Retail, Apartment
16	Amanah Harta Tanah REIT	28 December 1990	RM 116 Million	Office

\*Islamic REITs

Source: Authors' Compilation and Bursa Malaysia, 2015

### 2.3 Characteristics of Islamic Investment

Characteristics of Islamic investment are clearly the opposite of conventional investment. Islamic Investment could not involve in conventional bank savings and investment deposits, the purchase of interest yielding bonds, and the acquisition of shares in companies involved in alcohol, pork, gambling and pornography production[19].

In term of borrowing, *murabahah* agreements deal on short term agreement while *musharakah* deal on long term agreement of funding the capital for needed company. It is compulsory to state the term of agreement in a formal contract between the parties specifying the amount of funding, the proportion of the profit shares, risk of losses and term of divestment [19].

Therefore, Islamic investment is clearly prohibited *riba* (interest), *gharar* (excessive risk due uncertainty) and unethical business. Prohibition of *riba* is highly related to interest in the loan transaction. *Riba* occurs when there are excess benefits required or collected by the lender from the process of issuing loan. Next, prohibition of *gharar* is based on high uncertainty in business or transaction.

*Gharar* is not allowed while minor risk that unavoidable is tolerated. *Gharar* could be seen like the doubt on place of transaction, object that being sold or bought, suspended sale and future sale. Unethical businesses are any businesses that do not

follow the concept of *Shariah* based on Quran, *Hadith* and *Ijtihad* from Muslim Scholars[1].

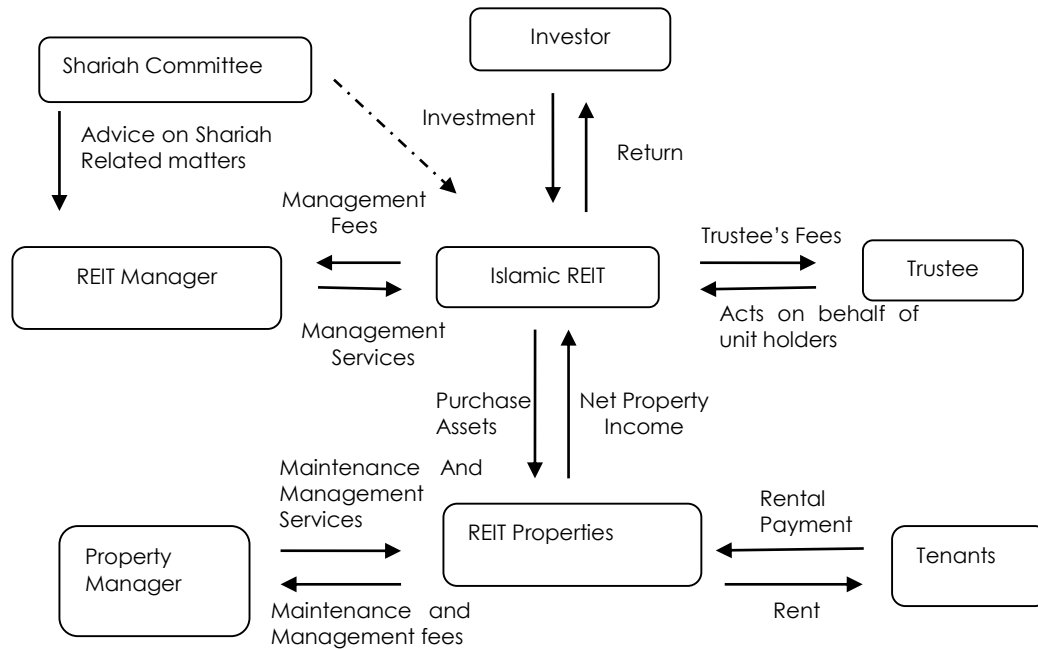
### 2.4 Significance of Commercial Property in Malaysia

Malaysia is one of the fastest growing countries both in Asia and in the world. Malaysia has a current price of GDP is relatively high and ranked 42nd in the world with a value of USD 336.9 billion. Malaysia is among the best country in the ASEAN countries. Table 2 exhibit countries in ASEAN with economic indicator. Among the ASEAN countries, Malaysia has 4.7 percent of GDP Real Growth Rate.

While GDP- current price is USD 336.9 billion, which was ranked No. 42 in the world. Inflation in Malaysia is low compared with other countries in the ASEAN region with 2.2 percent. Unemployment rate in Malaysia is also categorized as moderately by 3.1 percent when compared with countries with zero percent Cambodia, Thailand with 0.7 percent, Vietnam and Laos with 1.3 percent, Singapore with 1.9 percent and Brunei with 2.6 percent.

Table 3 presents overview the economic global competitiveness among ASEAN countries. The list has shown that Singapore ranked at the top place away from ASEAN countries in term of economic global competitiveness. While Malaysia ranked at 24th place. Table 4 represent Corruption Perception Index (CPI) in 2013-2014, Singapore was ranked first in the ASEAN region and fifth place in the world with a

CPI of 86. In 2014, it fall seventh place with a CPI of 84.



**Figure 3** Structures of Islamic REITs  
Source: Saeed (2011)

Malaysia was ranked third in the ASEAN region after Singapore and Brunei. Malaysia's sit on 53th place with CPI score of 50 in 2013[17]. In 2014, Malaysia's ranking improved three places to 50th position with a CPI score of 52. Table 4 indicates that Malaysia has a high market transparency compared with countries such as Taiwan, Thailand, the Philippines, Indonesia, South Korea, Vietnam, Macau, Mongolia and Myanmar.

Hence the high market transparency are generally to show how investors are easy to acquire knowledge or current issues in relation to their needs before making a decision to invest in real estate market to respected country [8]. Malaysian REIT market is unique because has special entity called I-REITs that provide Islamic investment vehicle for investors that focusing on *halal* requirement and real estate exposure.

In December 2014, there were three I-REITs and accounting 48% of the M-REIT market capitalisation: Al-Aqar KPJ REIT: first Islamic REIT in the world and Malaysia that establish in August 2006. In 2014, Al-

Aqar comprise of 21 hospitals and 4 healthcare related properties across Malaysia, Indonesia and Australia; net asset value of RM831 million; gearing at 46%.

Axis REIT: established in August 2005. The first Malaysia REIT listed on Bursa Malaysia. In December 2008, Axis converted to I-REITs. Axis acquired 33 properties with net asset value RM 1326 million and gearing at 32% in 2014.

KLCC REIT: KLCCP Staped Securities were listed under the REITs sector of the Main Market of Bursa Malaysia in May 2013.

Shariah advisor is compulsory to monitor the operation and management in I-REITs. Normally, I-REITs use the Islamic Banking and Finance Institute Malaysia as their Shariah advisor; this institute act as the Shariah advisor to 83 Shariah funds in Malaysia.

To date the discussion on performance analysis is not frequently discussed. Newell & Osmadi, (2009) only discuss on preliminary performance analysis between 2006 and 2008. The study conducted on a short time period. There is no latest discussion on performance analysis of Islamic REITs in a mixed asset portfolio. Longer time period of study may be needed to assess the issue more rigorously to identify the performance of Islamic REITs.

Table 2 ASEAN Economic Indicator

COUNTRY	GDP- REAL GROWTH RATE % (2013)	GDP-CURRENT PRICE (US DOLLAR BILLION) 2014	GDP CURRENT PRICE BY WORLD RANKING	INFLATION %	UNEMPLOYMENT RATE %
BRUNEI	1.4	17.4	117	1	2.6
CAMBODIA	7	16.9	118	3.2	0
INDONESIA	5.3	856.1	24	7.7	6.6
LAOS	8.3	11.7	138	6.5	1.9
MALAYSIA	4.7	336.9	42	2.2	3.1
MYANMAR	6.8	65.3	76	5.7	5.2
PHILIPPINES	6.8	289.7	46	2.8	7.4
SINGAPORE	4.1	307.1	43	2.4	1.9
THAILAND	2.9	380.5	39	2.2	0.7
VIETNAM	5.3	187.8	62	6.8	1.3

Sources: CIA, Author's Compilation as at 2014

Table 3 Economic Global Competitiveness

ECONOMIC GLOBAL COMPETITIVENESS			
Country	RANK 2012-2013	RANK 2013-2014	RANKING DIFFERENT
Brunei	26	NA	NA
Cambodia	86	94	-8
Indonesia	38	34	4
Laos	NA	92	NA
Malaysia	24	20	4
Myanmar	NA	133	NA
Philippines	59	52	7
Singapore	2	2	0
Thailand	37	31	6
Vietnam	70	68	2

Source: WEF, 2014

Table 4 Corruption perception Index

CORRUPTION PERCEPTION INDEX (2013-2014)					
Country	2013		2014		Rank Change
	RANK	CPI	RANK	CPI	
Brunei	38	60	NA	NA	NA
Singapore	5	86	7	84	-2
Malaysia	53	50	50	52	3
Philippines	94	36	85	38	9
Thailand	102	35	85	38	17
Indonesia	114	32	107	34	7
Vietnam	116	31	119	31	3
Laos	140	26	145	25	-5
Cambodia	157	21	156	21	1
Myanmar	160	20	156	21	4

Source: TI, 2014



Table 5 Real estate transparency in Asia Pacific

Real Estate Transparency in Asia Pacific, 2014			
Country	Transparency	Composite Score	Country
		Score 2012	Score 2014
Australia	Highly Transparent	1.36	1.4
New Zealand	Highly Transparent	1.48	1.4
Singapore	Transparent	1.85	1.8
Hong Kong	Transparent	1.76	1.9
Japan	Transparent	2.39	2.2
Malaysia	Transparent	2.32	2.3
Taiwan	Semi-Transparent	2.6	2.6
Thailand	Semi-Transparent	2.94	2.8
Philippines	Semi-Transparent	2.86	2.8
Indonesia	Semi-Transparent	2.92	2.8
South Korea	Semi-Transparent	2.96	2.9
Vietnam	Low Transparency	3.76	3.6
Macau	Low Transparency	3.27	3.6
Mongolia	Opaque	4.31	4.5
Myanmar	Opaque	NA	4.5

Source: Jones Lang Lasalle (2014)

### 3.0 METHODOLOGY

The data used in this study were weekly total returns over the period of November 2008 to December 2014 for Malaysia Islamic REITs, bonds and shares. In addition a market weighted property total return index was constructed to represent all listed Islamic REITs on Bursa Malaysia. Malaysia T-bill 3 Months (Cash) has been used as the risk free rate for this study.

To keep the consistency on currency exchange fluctuations, the data were calculated in local currency. Added value of I-REITs in a mixed asset portfolio will be examined using risk-adjusted performance analysis. The performance of I-REITs, as well as other asset classes in a mixed-assets portfolio will be evaluated using statistical method by applying risk-adjusted performance analysis using the Sharpe ratio.

Sharpe ratio analysis will determine a standard measure of risk-adjusted returns by calculating the risk-adjusted excess returns. In addition, portfolio diversification benefits will also be assessed. To measure the possible diversification benefit that can be gained from including Islamic REITs in a mixed-asset portfolio, the correlation analysis between Islamic REITs and other assets classes were calculated.

### 4.0 RESULT AND DISCUSSIONS

#### 4.1 Risk-Adjusted Returns

The average returns of I-REITs, bonds and shares are summarised in Table 6. The result indicate that I-REITs performed well from 2008-2014 as compared to other asset classes. I-REITs reported average annual return of 26.02% per annum which is higher than shares (16.18% pa) and bonds (3.46%). I-REITs have higher risk level (14.30%) while bonds and shares have lower risk level with (3.23%) and (10.48%).

Lower number of risk-return ratio indicates better investment option. I-REITs (0.55) outperformed shares (0.65) and bonds (0.94) in terms of risk-return ratio. In terms of Sharpe ratio analysis within mixed-asset portfolios, I-REITs have higher Sharpe ratio (1.79) compares to bonds (0.93) and shares (1.50). The result depicts that I-REITs give better returns to investors over the sample period of study.

#### 4.2 Diversification Benefits

Table 7 presents the correlation matrix for Islamic REITs over the period November 2008-December 2014. The correlation between I-REITs and the other asset classes during November 2008-December 2014 was examined to gain the insight into the diversification benefits that I-REITs might bring when combined with other asset classes.

I-REITs show low correlation to shares ( $r=0.08$ ) and bonds ( $r=0.07$ ), implying that I-REITs could positively proffer high diversification potential to both of the assets classes. These results suggest that I-REITs potentially offer better portfolio enhancement for bonds investors than shares investors over the study period.

**Table 6** Islamic REIT performance analysis: November 2008-December 2014

	Shares	IREITs	Bonds	Cash
Average Annual Return	16.18%	26.02%	3.46%	0.45%
Average Risk	10.48%	14.30%	3.23%	1.46%
Risk/return Ratio	0.65	0.55	0.94	3.24
Sharpe ratio	1.50	1.79	0.93	
Rank	#2	#1	#3	

**Table 7** Correlation matrix November 2008-December 2014

Correlation Matrix			
	I-REITs	Shares	Bonds
I-REITs	1		
Shares	0.08	1	
Bonds	0.07	-0.04	1

## 5.0 PROPERTY INVESTMENTS AS SUSTAINABLE ASSET

Islamic REITs is a good investment vehicles where could provide a good return. In order to enhance the returns there a few strategies that could be take into consideration [13]. Firstly, the selection of location is important. It can create sustainable property market. Location is one the factor to enhance the sustainable growth by urban restructuring, good policy making by political economy.

The selection of correct location may contribute to the development of city, urban regeneration, provide employment and leisure opportunities. Then, fund managers must have a good consideration on valuation professionals' view on property market condition. There are significant role from valuations professionals and valuation process in order to encourage benefits of green to the net value of an asset to the financial sector.

Next, fund manager must know nature of property assets and investment is indirectly affecting the financial performance. Improving the quality of space and life gives very huge impacts on social life. Property asset have the capacity to extend this major impact. I-REITs investors and owner of the building must have knowledge on their buildings performance in order to capture the value and its marketability.

Sustainable design is one of the alternatives to generate value creation. A sustainable property investment must meet between supply and demands whereby also involve the governance. Otherwise, property investment that does not use sustainable design and management practices will face huge risk and losses in regard to their financial performance and asset value. Investment that contribute to sustainable development can be describe as financial provided must be used in such that the investment is aligned with human social and ecological system.

In order for sustainable investment practices to apply in capital market, there must be a good strategy at it [4]. Higher growth rate in earning are drive from this two force, first, investment in new assets- sustainable growth and second, improving efficiency on existing assets- efficiency growth. Higher dividend growth translates into higher equity value. The following strategies are recommended by authors to create a sustainable investment product [14]:

1. Analyze the need of stakeholders.
2. Analyze the cash flows.
3. Analyze the new demand or opportunity.
4. Always measure the market potential for sustainable building products.
5. Match the sustainable design and the type of investment.
6. Find some recognition from certification, rating or assessment from the officials or authority.
7. Always have new plan and new strategy for the property fund products.
8. Create a fresh marketing style and friendly to the customers and stakeholders.

## 6.0 PROPERTY IMPLICATIONS AND CONCLUSION

The dynamic of Islamic REITs in Malaysia was assessed in the context of mixed-asset portfolios. Literature review section has been pointed out some literature background study considering the Islamic REITs study in the Malaysia's point of view. The performance and significance of Islamic REITs in Malaysia have been measured in perspective of risk-adjusted performance and correlation.

This paper has underlined the features of statistical method and added value of I-REITs into the mixed-



asset portfolio performance. This outcome gives a new angle on I-REITs study and enhance the knowledge on the continuing development of I-REITs in Malaysia and globally. Islamic REITs in Malaysia is one the Islamic financial products that provide new alternatives for the investors to taste the Real Estate Investments Trusts according to Shariah Law.

Malaysia as the centre of Islamic financial services in Asia gives good opportunities for Muslim to diversify their portfolio in property sectors. It is almost 10 years of the establishment of I-REITs in Malaysia and gives some pictures of development of I-REITs in property market. Previous studies on Malaysian REIT market suggested that REITs could provide strong risk-adjusted returns and portfolio enhancement for investors.

However, among of this Malaysian REITs studies, a little attention has been focused on Islamic REITs where pioneered first in the world. It is important to analyse the performance and significance of I-REITs in a mixed asset portfolio over the period from November 2008 to December 2014. The performance analysis revealed that I-REITs outperform over shares market. I-REITs gives higher return than shares but the risks levels for I-REITs are higher than shares markets risk.

For the diversification benefits, our results indicate that I-REITs have a low correlation with shares and bonds, thus suggesting some level of diversification potential for shares and bond investors. In conclusion, I-REITs give some good returns even though with higher risk. The key catalyst to the adoption I-REITs model as an effective vehicle for listed property exposure in other countries is the continued significant growth of Islamic Capital Market.

After the 10 years of establishment of I-REITs, the result shows that I-REITs are performing well and must be modify to attract companies to establish I-REITs in Malaysia. Then it will enhance the development of I-REITs market in the future.

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